

# **DMA ADMINISTRATIVE LETTER NO. 04-02, RSDI Mid-Year COLA**

**DATE: JULY 20, 2001**

**Subject: Social Security Cost-Of-Living Adjustment (COLA)**

**Distribution: County Directors of Social Services  
Medicaid Supervisors  
Medicaid Eligibility Staff**

## **I. SOCIAL SECURITY CHANGES DUE TO A MID YEAR COLA ADJUSTMENT**

### **A. RSDI/SSI**

The Bureau of Labor Statistics (BLS) has announced that it discovered a software error in the computation of the Consumer Price Index (CPI). The Social Security Administration (SSA) uses the CPI to calculate the COLA in benefit levels for its RSDI/SSI programs. The CPI error affected the December 1999 COLA percentage used to determine RSDI/SSI benefits for January 2000. As a result of this error, the majority of RSDI/SSI recipients received lower payments than they would have received if there had been no CPI error.

Effective August 2001, the SSA will adjust monthly benefits for individuals affected by the shortfall. This is a special one time mid-year adjustment to the COLA that was received in January 2001. In addition, a single lump sum payment will be made to compensate for shortfalls that may have occurred in the months prior to the adjustment. Recipients can expect to receive their lump sum payment in July 2001.

You must consider the adjusted monthly benefit when determining eligibility for Medicaid. However, disregard the lump sum payments from countable reserve and income when determining initial or ongoing eligibility for Medicaid under any aid program/category.

### **B. SSI Federal Benefit Rates (FBR)**

The FBR will not change. The maximum amounts in effect on 1/1/2001 are still current. The new RSDI/SSI amount is now available through the State Online Query (SOLQ), Bendex, and SDX.

**Bendex data sheets will not be generated with this mid-year COLA.  
Refer to VI. A., below for RSDI verification procedures.**

	<u>Individual</u>	<u>Couple</u>	<u>Essential Person</u>
Full FBR	\$530	\$796	\$266
1/3 Reduced Income Limit	\$353	\$530	

### **C. Medicare - Deductibles, Coinsurance and Premiums**

These amounts will not change. The amounts in effect on 1/01/2001 are still current. Refer to DMA Administrative Letter 15-01 for current Medicare deductibles, coinsurance and premium amounts.

## **II. RECIPIENT NOTICE OF COLA**

Insert to Medicaid ID Cards - TIMELY NOTICE

MAF, MIC, HSF, MQB, and MAABD non-SSI cases authorized as of the July regular run (July 18) will be sent the following notice with the August 2001 Medicaid card. This insert serves as the timely notice for authorized cases.

Note: Due to system limitations for printing notices on the laser Medicaid ID cards, MIC recipients will also receive the timely insert notice. However, the COLA does not apply to MIC cases because of 12-month continuous eligibility for children under age 19. See III. A. below.

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### NOTICE TO MEDICAID RECIPIENTS

If you receive a Social Security check, your check may go up in August 2001. This increase could affect your Medicaid by giving you a deductible, a patient monthly liability, or by increasing the deductible or patient monthly liability you now have. Medicaid regulations require that income from Social Security be counted when determining Medicaid eligibility (MA-2250 and MA-3260 in the Medicaid Eligibility Manuals).

Social Services in your county will notify you of the exact change, if any, this action will have on your Medicaid by September 1<sup>st</sup>. Be on the lookout for your notice. You may appeal the way Social Services determined your deductible or patient monthly liability within 60 days from the date of the notice.

August 2001

Division of Medical Assistance

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## **III. CASES NOT AFFECTED BY THE RSDI COLA**

The following cases are not affected by the mid-year COLA.

### **A. MPW, MIC, MRF, MSB, and IAS**

The COLA will not be applied to these cases. Medicaid policy states that changes in income do not affect eligibility for these aid program/categories.

**B. HSF-N/G and MAF-C**

The COLA will not be applied to HSF-N/G and MAF-C cases when the only active individual(s) in the case are children under the age of 19. This is because of continuous eligibility for children. A family status code of "C" in the individual data will identify these cases.

**C. NC Health Choice (MIC Classes J, K, L and S)**

**D. Cases in which the SSI indicator = Y**

**E. Cases with an SSI amount greater than zero and an SSI indicator of N**

**IV. CASES AFFECTED BY THE AUTOMATED UPDATE OF RSDI**

The update of RSDI will be automated for all counties. EIS will update the RSDI amount on the night of July 26, 2001.

**A. The following cases will have an automated RSDI update:**

1. MAA, MAB, MAD cases with Medicaid classification B, G, M, N, P, and Q.
2. MQB cases with Medicaid classification B, E, and Q.
3. MAF cases with Medicaid classification G, M, N, and P.
4. MAF-C cases with at least one active individual with a Family Status code of I, O, P or S.
5. HSF cases with Medicaid classification M and P.
6. Long Term Care cases (Non-SSI)

All long term care cases that are in balance (total countable monthly income minus the maintenance amount equals the PML) will have an automated recalculation. This includes cases with incomes at or below 100% of poverty.

**B. The aid program/categories listed in IV. A. 1 through 6 above with a certification through date of 08/31/01, or earlier as of July 26, 2001, will not have an automated update.**

**V. AUTOMATED UPDATE**

**A. Computer generated profiles with the updated RSDI amount will be mailed to counties during the first full week of August.**

These profiles will display Form ID 1111111B, indicating that the change was made at the State Office.

1. RSDI Amount, Total Net Unearned Income, and Total Countable Monthly Income
  - a. The RSDI amount in EIS will be updated with the RSDI amount included in the net monthly benefit field of the Bendex Case Claim file. This file is generated to include an individual's regular monthly benefit amount as well as the dual entitlement amount.

NOTE: For long term care cases, the amount displayed in EIS will reflect the countable RSDI amount after deducting any amount (s) withheld due to an overpayment.

- b. If an amount is present in the Total Net Unearned Income field and/or the Total Countable Monthly Income field of the case, it will be increased by the difference between the old RSDI amount and the new RSDI amount.
2. Patient Monthly Liability (PML)

EIS will update the PML amount for LTC cases that are in balance. (See IV. A. 6., above.) The system will also send the DMA-5016 and DSS-8110A. (See VI. I., below.)

**B. After July 26, 2001, DO NOT KEY a change in income for any case which has RSDI until the new RSDI amount is verified.**

Verify the new RSDI amount through (SOLQ). Refer to VI. A., below, for verification procedures.

**C. Reports from Automated Updates**

Each county will receive reports to assist with revising cases due to the RSDI Mid-Year COLA. These reports will also be available in NCXPTR. Counties will receive a Broadcast Message when the reports are available in NCXPTR. The report name as it is listed in NCXPTR is listed in parenthesis beside each report below. Recompute the deductible or PML following instructions in VI., below.

1. EIS Reports

The following reports will be issued by EIS during the first full week of August. Counties will receive two copies of each report.

- a. SSA Mass Revision Audit Report (DHREJA SSA MASS RVISION AUDIT RPT)

This report is for authorized cases only and lists all cases in which RSDI has been automatically updated by EIS. It does not include cases with SSI (SSI Indicator = "Y"). The report will list the old and new RSDI amounts, old and new PML amounts and the new total countable monthly income.

- b. Potential New Deductible Cases, Cases Eligible for Program Transfer, or Terminations (DHREJA POT ELG FOR PROG TRAN/TRM)

This report will show all authorized PLA cases in which income exceeds the maintenance amount. Review cases on this list first to determine if revisions are necessary. Remember to evaluate for extended Medicaid and/or continuous eligibility for children.

- c. Cases Not Updated - Cases With CP "To Date" Less Than or Equal to 08-31-01 or Budget Out-of-Balance. (DHREJA NO UPDATE CP<083101/UNBAL)

This report will list the following:

- (1) Cases with a certification period that expires 08-31-01. These cases will not be updated. Verify updated RSDI amount through SOLQ or Bendex if completing a redetermination.
- (2) LTC cases where total countable monthly income minus the maintenance amount does not equal the PML. Follow instructions in MA-2270 to assure the PML is computed correctly. Use the increased RSDI amount when computing PML effective 9/01/2001. Refer to VI. I., below.

- d. Deductible Cases Updated (DHREJA DEDUCTIBLE CASES UPDATED)

This report will list ongoing deductible cases where the deductible will increase. Calculate the increased deductible per VI.G., below.

- e. Cases with an SSI Amount Greater Than Zero with SSI Indicator of "N." (DHREJA SSI AMT>ZERO NDICATOR=N)

This report lists cases that indicate the recipient receives SSI but is coded "N" as not being an SSI recipient. Check the SDX to verify SSI status and make necessary corrections to the EIS case. Contact EIS at (919) 857-4019 if you have difficulty resolving a case.

NOTE: These are not ex parte review cases. SSI cases that have been terminated show zero in the payment amount. A SSI indicator "N" with an amount greater than zero indicates there is a problem in the case.

- f. Long Term Care Cases with RSDI and a SSI Indicator of "Y".  
(DHREJA LTC CASES SSI INDICATOR=Y)

This report lists cases that indicate the recipient is in LTC, receives SSI and also receives RSDI. Calculate the increased PML per VI. I., below.

- g. Cases with Multiple Sources of RSDI Income (DHREJA MULTIPLE RSDI INC SOURCES)

This report lists cases with social security income from more than one source. The total amount received from all sources is displayed in the RSDI field of the case profile.

- 2. 503 LEADS SDX - Individuals Eligible for Passalong

The 503 LEADS SDX will be issued to counties by mid-August. This report lists those individuals eligible for Passalong because they lost SSI solely due to the RSDI COLA. Refer to MA-2100 III.B. & D. in the MAABD manual for procedures.

## **VI. PROCESSING INSTRUCTIONS FOR ONGOING CASES IN THE AUTOMATED UPDATE**

These instructions apply to all cases having an automated RSDI COLA update.

Upon receipt of the case profiles with the increased RSDI amount, void the last case profile received prior to the RSDI update to prevent its use in error.

### **A. SOLQ**

Verify the new RSDI amount through SOLQ within 30 days of receipt of the case profile.

- 1. PLA Cases
  - a. Compare the updated RSDI amount to the amount on the SOLQ for each case.
  - b. If there is a discrepancy, correct the amounts in the RSDI field, Total Net Unearned Income field and Total Countable Monthly Income field in EIS to agree with the SOLQ.

- c. Send a timely notice if there is an increase in the deductible or an adequate notice if there is a decrease.

2. LTC Cases

Review SOLQ only to verify RSDI for cases with budget out of balance. RSDI for other LTC cases may be verified at the next redetermination or change in situation.

NOTE: Do not attempt to make retroactive adjustments to the PML.

**B. Cases in which the RSDI amount was updated by the caseworker prior to July 26, 2001**

In situations where the new RSDI amount was verified and entered in EIS prior to these instructions, ensure that the individual (s) is not receiving RSDI benefits from a dual entitlement number.

Review the report entitled DHREJA MULTIPLE RSDI INC SOURCES for a listing of individuals receiving RSDI from multiple sources.

These cases will be included in the automated update. The RSDI information on the EIS case file will be overlaid with the information on the Bendex Case Claim file from Social Security even if the information is the same.

**C. Computation of Deductible or PML (Budget Out of Balance)**

Determine the effect of the increase in RSDI income on each case, following the instructions below, to establish whether there is:

1. A new, additional, or increased deductible, or
2. A new or increased PML for LTC cases in which the budget is out of balance. EIS will not update the RSDI for long term care cases where the budget is out of balance, i.e. total countable monthly income minus the maintenance allowance does not equal the PML.

**D. Instructions Specific to MAABD Dually Eligible PLA Cases**

If the COLA increase causes an individual who is dually eligible (MAABD with Medicaid class B or Q) to have a deductible, he must be transferred to MQB-B. Refer to procedures in MA-2355.

**E. Instructions Specific to Ongoing MQB Cases**

If the COLA increase causes an MQB Q, E, or B recipient to become ineligible under the current classification code, evaluate MQB eligibility under all other MQB classification codes including QI2.

No further action is required for ongoing MQB-QI2 recipients that have already been “approved” on the log using the old income amount. The COLA for these cases will be addressed at the time QI2 checks are issued.

#### **F. Instructions Specific to Ongoing Categorically Needy PLA Cases**

If the COLA increase causes excess income for a categorically needy case, evaluate for Medicaid under all other aid program/categories.

For MAABD cases, transfer to MQB-B if the individual has Medicare.

For all other cases, transfer to deductible status if no Medicare and it is established that the deductible can be met or projected expenses are within \$300.00 of meeting the deductible.

If it is established that the deductible cannot be met, propose termination.

#### **G. Instructions Specific to Ongoing Medically Needy PLA Cases**

Use the following computation method for ongoing cases with a deductible. Refer to MA-2260 and MA-3260 for budgeting procedures.

1. Recompute the deductible for the months in the certification period prior to August using the old RSDI amount.
2. Use the new RSDI amount on the case profile or in EIS to compute the deductible for the remaining months in the certification period beginning with August.
3. Add together the results of the two computations to obtain the revised deductible amount.
4. If the case has not been authorized, the deductible will increase to the revised amount.
5. If the case has been authorized, subtract the original deductible from the new deductible to obtain the amount of the increased deductible. Put the case in deductible status effective September 1, 2001. Refer to VI. E. 6., below for notice requirements.

**NOTE:** This procedure also applies to cases that were authorized based upon a hospital admission (DRG). Authorization because of DRG does not entitle the recipient to eligibility through the entire certification period without regard to increased income.

**EXAMPLE:** M-AD Medically Needy single individual with RSDI only

**Certification Period:** May-October

<b><u>Original Budget:</u></b>		May-October	
\$ 774	RSDI	774.00	Old RSDI
- 20	Exemption		
754		775.00	New RSDI
- 242	Income Level for One		
512			
x 6	Months in c.p.		
\$3,072	Deductible for 6 months c.p.		

**Revised Budget:**

May-July		August-October	
\$ 774	RSDI	\$ 775	New RSDI
- 20	Exemption	- 20	Exemption
754		755	
- 242	Income Level for One	- 242	Income Level
512		513	
x 3	Months in c.p.	x 3	Months
\$1,536	Deductible for 3 months	\$1,539	Deductible for 3 months

New deductible for c.p.  $\$1,536 + \$1,539 = \$3,075$

If the case has already been authorized, an additional deductible of \$3.00 ( $\$3,075 - \$3,072 = \$3.00$ ) will be effective September 1, 2001.

If the case has not been authorized, the previous deductible of \$3,072 will increase to \$3,075 effective September 1, 2001.

## 6. PLA Notices

- a. Cases Authorized as of July 18<sup>th</sup> received the Timely Notice of Change insert.

If there is a change in the deductible, send an adequate notice to notify recipients of the specific change no later than 08/28/01. Use change code 53 if using an automated notice.

- b. Cases authorized after July 18<sup>th</sup>

Send a timely notice to notify recipients of the specific change in the deductible amount to cases with RSDI that were not authorized for September as of July 18, 2001. These cases did not receive the insert notice. Use change code 02 (notice text required) or 40 (manual notice required). Enter "Y" in the Notice Override field on the DSS-8125. Send the notice in time for the timely notice to expire by the pull cutoff date.

c. Cases which remain in deductible status (deductible increases)

Send a timely notice to notify recipients of the increased deductible amount. Send a manual notice or use change code 02 (notice text required) for an automated timely notice. Send the notice in time for the timely notice to expire by the pull cutoff date.

**H. Instructions specific to MAF-C cases that have individuals with a family status code of P, S, O, or I. Caretakers are not entitled to continuous eligibility.**

Determine eligibility with the new RSDI amount. If the new income causes the case to exceed the income limit:

1. Transfer the caretaker to MAF-M in deductible status, if there are no children under age 19 included in the case.
2. If there are children under age 19 on the case, complete a DSS-8125 to delete all children under age 19.
3. Using the same DSS-8125, transfer the remaining individuals included in the MAF-C case to MAF-M in deductible status.
4. Complete an administrative DSS-8124/8125 to set up a MIC case for the children under age 19.
5. Medicaid continues for the children through the 12-month continuous period.

**I. Computation for Long Term Care Cases**

EIS will determine the RSDI amount and recalculate the PML for all non-SSI LTC cases if the budget balances (total countable monthly income minus the maintenance amount equals the PML). EIS will then automatically issue the DMA-5016 and the DSS-8110A to notify the recipient of the change.

NOTE: LTC cases with SSI do not require a recalculation as the SSI amount (\$30 personal needs allowance) has not changed.

**The IMC must review and manually update the PML for all other LTC cases.**

1. LTC Cases - PML May Require Adjustment

EIS cannot identify certain types of situations, such as cases with income protected for the community spouse or dependent family members and cases with couples in the same room. This means the updated PML may be incorrect and must be adjusted. If an adjustment

is necessary, complete the adjustment at the next redetermination, change in situation or when updating the spousal income allowance.

NOTE: Complete an SOLQ to verify the Social Security increase for the community spouse/dependent family member. When verification is received, recompute the CSIA/dependent allowance following procedures in MA-2270, VI. and VII.

2. LTC Cases - Budget Out of Balance

The PML must be manually computed for cases with budgets out of balance (EIS will not update the PML). These cases will appear on the "Cases With CP 'To Date' Less Than or Equal to 08-31-01 or Budget Out-of-Balance" report referenced in V.C.1.c., above.

- a. Follow procedures in MA-2270 for determining the PML.
- b. Enter this amount into EIS no later than August 28, 2001. If it cannot be entered by the date above and it is a reduction in the PML, contact the Claims Analysis Unit at DMA (919) 857-4018. If it cannot be entered by the date above and it is an increase in the PML, the change cannot be made until October 2001.

3. LTC - Step 3 Budgeting

LTC cases budgeted Step 3 with a deductible will show up on the "Cases With CP 'To Date' Less Than or Equal to 08-31-01 or Budget Out-of-Balance" referenced in V.C.1.c., above.

4. LTC – Cases with RSDI and SSI Indicator of "Y"

The PML must be manually computed for cases with RSDI and SSI indicator of "Y" (EIS will not update the PML). These cases will appear on the "Long Term Care Cases with RSDI and a SSI Indicator of Y" report referenced in V.C.1.f., above.

- a. Follow procedures in MA-2270 for determining the PML.
- b. Enter this amount into EIS no later than August 28, 2001. If it cannot be entered by the date above and it is a reduction in the PML, contact the Claims Analysis Unit at DMA (919) 857-4018. If it cannot be entered by the date above and it is an increase in the PML, the change cannot be made until October 2001.

5. LTC Notices

- a. Cases authorized as of July 18<sup>th</sup> received the Timely Notice of Change insert.

Enter the new PML amount in EIS no later than August 28<sup>th</sup> to generate the DMA-5016. Send an adequate notice to notify recipient. Use change code 54.

NOTE: Failure to enter the new PML in EIS timely may result in overpayments to facilities. Counties will be charged back for overpayments resulting from failure to timely and correctly update EIS and send notice to the facilities.

b. Cases authorized after July 18<sup>th</sup>

Send a timely notice to notify recipients of the specific change in the PML amount. Use change code 02 (notice text required) or 40 (manual notice required - enter "Y" in Notice Override field on DSS-8125). Send the notice in time for the timely notice period to expire by the pull cutoff date.

## **J. SSI Terminations**

When the RSDI COLA results in termination of an individual's SSI benefits (and automatic entitlement to Medicaid), an ex parte review of eligibility is required.

1. Refer to instructions in Aged, Blind and Disabled Medicaid Manual, MA-1000 VII. (PLA) and MA-1100 V. (LTC), and the Family and Children's Medicaid Manual, MA-3000 V., regarding the ex parte review of eligibility.
2. Complete an SOLQ to verify the increased amount of RSDI. Use this amount to determine eligibility.
3. Passalong

Individuals terminated from SSI because of the COLA may remain eligible for Medicaid due to "passalong" provisions as noted in V. C. 2. above, (503 Leads SDX). Refer to MA-2100 III.B. and D.

## **VII. PENDING APPLICATIONS**

The following instructions are for applications still pending as of July 26, 2001, (the last keying date based on the automated RSDI COLA update).

NOTE: If the application is approved on or before July 26, 2001, the RSDI amount will be updated if the case meets the criteria in IV. A., above for an automated update.

When processing applications, apply the RSDI COLA (if applicable per instructions below) and use the Medicare B premium of \$50.00 for the deductible/PML.

**A. MAABD Categorically Needy PLA Applications**

1. If there is no RSDI income, no additional implementation action is necessary.
2. If there is RSDI income, apply the RSDI COLA. Complete an SOLQ to verify the COLA as soon as possible.
3. If the new RSDI amount exceeds the categorically needy income limit, thus causing a Medicaid deductible, certify the case in deductible status beginning September 1, 2001 or if applicable, approve MQB effective September 1, 2001. Authorize full Medicaid for the months prior to September using the DB/PML screen provided all other eligibility factors are met.

**B. MAABD Medically Needy PLA Applications**

1. If there is no RSDI income, no additional implementation action is necessary.
2. If there is RSDI income, apply the RSDI COLA. Complete an SOLQ to verify the COLA as soon as possible.
3. If the deductible has been met and the application is approved prior to September 1, 2001, authorize for the certification period based on income prior to applying the COLA effective 9/1/2001.
  - a. Determine the new deductible based on the COLA increase.
  - b. Send a DSS-8110 to notify the recipient of the increased deductible.

EXAMPLE: Medically Needy application, certification period is July through December. Applicant provides documentation on August 7 that his deductible was met August 4. Authorize August 4 through December 31. The pull date is August 28, 2001. Send notice of additional deductible effective 9/1/2001. If documentation is not provided in time to give a 10 workday notice prior to August 28<sup>th</sup>, the new deductible cannot be effective until 10/1/2001 because the 10-day timely notice period does not end by the pull date.

4. If the deductible has not been met, compute the additional deductible. Send a revised DMA-5025 to notify the applicant of the increased deductible.
5. If the application is not completed until after 9/1/2001 and the applicant would have met the original deductible prior to 9/1/2001:

- a. Authorize for the entire certification period based upon income prior to the COLA.
- b. Compute the amount of additional deductible for August through the end of the certification period.
- c. Send a DSS-8110 giving timely notice of the additional deductible. The deductible is effective the first day of the month following timely notice.

### **C. MQB Applications**

1. If there is no RSDI income, no additional implementation action is necessary.
2. If there is RSDI income, apply the RSDI COLA. Complete an SOLQ to verify the COLA as soon as possible.
3. If the new RSDI amount results in excess income for the MQB classification Q, B, or E, evaluate for MQB eligibility in all other categories including QI2.
4. If the new RSDI amount results in excess income for MQB-QI2, complete the application as open/shut for the months in the certification period prior to August.

### **D. For All Other PLA Applications With RSDI Income**

Follow these instructions for MAF (M, N, P, and G class), and HSF (M and P class) applications where there is RSDI income.

1. Complete an SOLQ to verify the RSDI COLA as soon as possible.
2. If the increased RSDI amount causes excess income for the categorically needy income level, authorize for the months in the certification period prior to August based on the old income amount. This is an open/shut application. Enter an unsigned administrative application for the remaining months in the certification period if it is established that the new deductible can be met or projected expenses are within \$300.00 of meeting the new deductible.
3. For deductible cases, follow procedures in VI. G., above.

### **E. Long Term Care Applications**

1. If there is no RSDI income, no additional implementation action is necessary.

2. If there is RSDI income, apply the RSDI COLA. Complete an SOLQ to verify the COLA as soon as possible.
3. Compute the PML according to instructions in MA-2270, Long Term Care Need and Budgeting. Use the RSDI income in effect before the COLA for the months in the certification period prior to August 2001. Use the new RSDI amount to compute the PML effective 8/1/2001.

EXAMPLE: LTC applicant has RSDI gross amount of \$818. Certification period is June through November. There is no other income or unmet medical needs. The case is evaluated as Medically Needy. SSA increases to \$819 on 8/1/2001 based on the COLA. The Medicare Part B premium remains at \$50.

<u>June PML</u>	<u>August PML</u>
\$818.00	\$819.00
- <u>30.00</u> pers. needs	- <u>30.00</u> pers. needs
788.00	\$789.00
- <u>50.00</u> Part B	
738.00	
\$738 PML	\$789 PML

If you have any questions regarding this information, please contact your Medicaid Program Representative.

Nina M. Yeager  
Director

(This material was researched and written by Vanessa Broadhurst, Policy Consultant, Medicaid Eligibility Unit.)

[ADULT MEDICAID MID-YEAR COLA WORKSHEET](#)

[FAMILY & CHILDREN'S MEDICAID MID-YEAR COLA WORKSHEET](#)